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THIS IS UNEVALUATED INFORMATION FOR THE RESEARCH
USE OF TRAINED INTELLIGENCE ANALYSTS

1. The Staatliche Aktiengesellschaft der Brennstoffindustrie "Gazolin" Hydrierwerk Zeitz, is working for export to Russia. The ~~oil~~ product, paraffin, which used to be exported primarily to Witten on the Ruhr in the British Zone, is now piling up. The by-products, gasoline and diesel oil, are being used by the Russian Army. It is estimated that the gasoline production is more than 120 per cent. of the normal peacetime gasoline consumption of the Eastern Zone.
2. It has been suggested that the paraffin be used for making soap or candles. Inasmuch as there is no shortage of brown coal, synthetic fatty acids can be obtained from the oxidation of paraffin in sufficient and regular quantities to ensure adequate distribution of soap to the population of the eastern zone. It is estimated that 50,000 tons of fatty acids a year are needed to supply a population of twenty million.
3. The two-year plan provided for the construction of a plant within the former Hydrierwerke Rodleben which would have a maximum annual production capacity of 2,400 tons of synthetic fatty acids. However, the construction was planned before the restrictions on interzonal trade. It is believed that it will be impossible to construct a soap factory under the present conditions, as aluminum vats, which are not corroded by the fatty acids, must be used, and all the aluminum plants in the Eastern Zone have been dismantled.
4. The candle factory in Köpsen (Saxony-Anhalt) was destroyed by fire in February 1948, and despite an immediate allocation of two and a half million marks, the building had not been repaired by the beginning of October 1948. It has been very difficult to obtain structural iron in the Russian Zone since the interzonal trade restrictions were imposed. A labor team attempted to reclaim structural iron from the ruins of the former Siebel Flugzeug factory in Halle/Saale, but the final cost of 1,140 marks per ton of reclaimed iron, proved to be prohibitive and construction had to be halted. Even nuts, bolts, and screws have to be obtained in a

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CENTRAL INTELLIGENCE AGENCY

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5. A plant like the former Krupp-Gruson plant in Magdeburg is not able to assist in the construction of German factories, because it is engaged in making complete cement factories for the Soviet Union.

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6. The two-year plan provides for the production of 84,000 tons of synthetic fabrics in 1950. This would ensure one set of clothes for each of the inhabitants of the Eastern Zone. However, if the quota cannot be met the synthetic fabric will probably not be used for German consumers. At the present time the better quality cellulose is allocated to Schwarza, and the coarser quality to Wittenberge. Schwarza uses its entire allocation for making uniform coats on a Soviet requisition. Wittenberge is using its entire allocation for a jute-like material which is used to make sugar bags to transport reparations to Russia.

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7. The synthetic fabric industry is dependent on an adequate supply of sulphuric acid and carbon disulphide, which are also needed by the fertilizer industry. The decrease in the importation of pyrites, caused by the counter-blockade measures, has considerably reduced the sulphuric acid production potential. Experiments are continuing apace in the firm of Chemiebau Schütt in Glauchau, in an attempt to produce sulphuric acid economically in large quantities using Glauber's salt and soda, which are relatively plentiful in the Eastern Zone, as raw materials. One of the advantages in this new method is that all the by-products are in a readily saleable condition. Construction of a plant for this process will also be hampered by the lack of building material.

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